



# Reducing Improper Payments Entering the 4<sup>th</sup> Year of IPIA Reporting

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# Government-wide Picture

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- Strategic Goal
  - Reduce the government-wide improper payment dollar amount and rate
- Fiscal Year 2011 Target
  - Reduce errors reported in the FY 2004 baseline by \$20 billion



# Objectives

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1. Identify risk susceptible programs
2. Estimate the annual amount of improper payments
3. Identify root causes of improper payments and correct errors



# 50,000-foot View

\$2.7 trillion  
Total Federal Outlays  
FY 2006

\$1.7 trillion, 63%  
High Risk Outlays Reviewed  
Under IPIA

\$227 billion, 8%  
Interest on the  
Public Debt

\$227 billion, 8%  
Civilian  
Compensation

\$415 billion, 15%  
Contract Outlays

\$131 billion  
5%  
Other  
Outlays

\$1.4 trillion, 81%  
Measured  
Programs Under  
IPIA

\$300 billion,  
19%  
Measured by  
FY 2008

Recovery  
Auditing

Other  
Contract  
Auditing



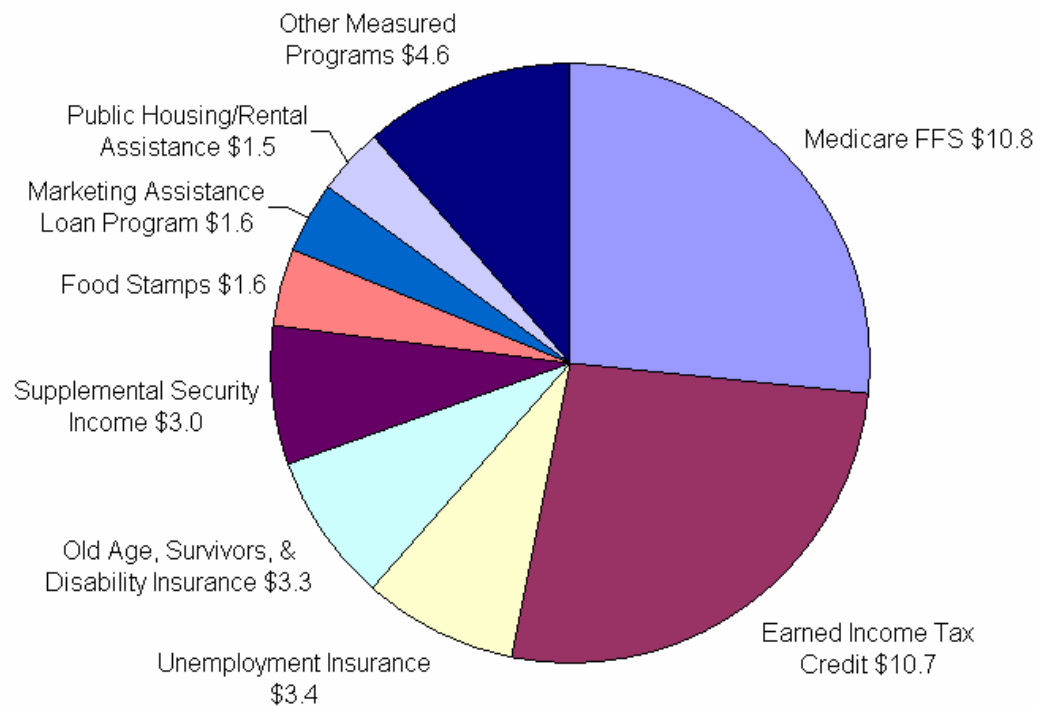
# Report by “cohort” year

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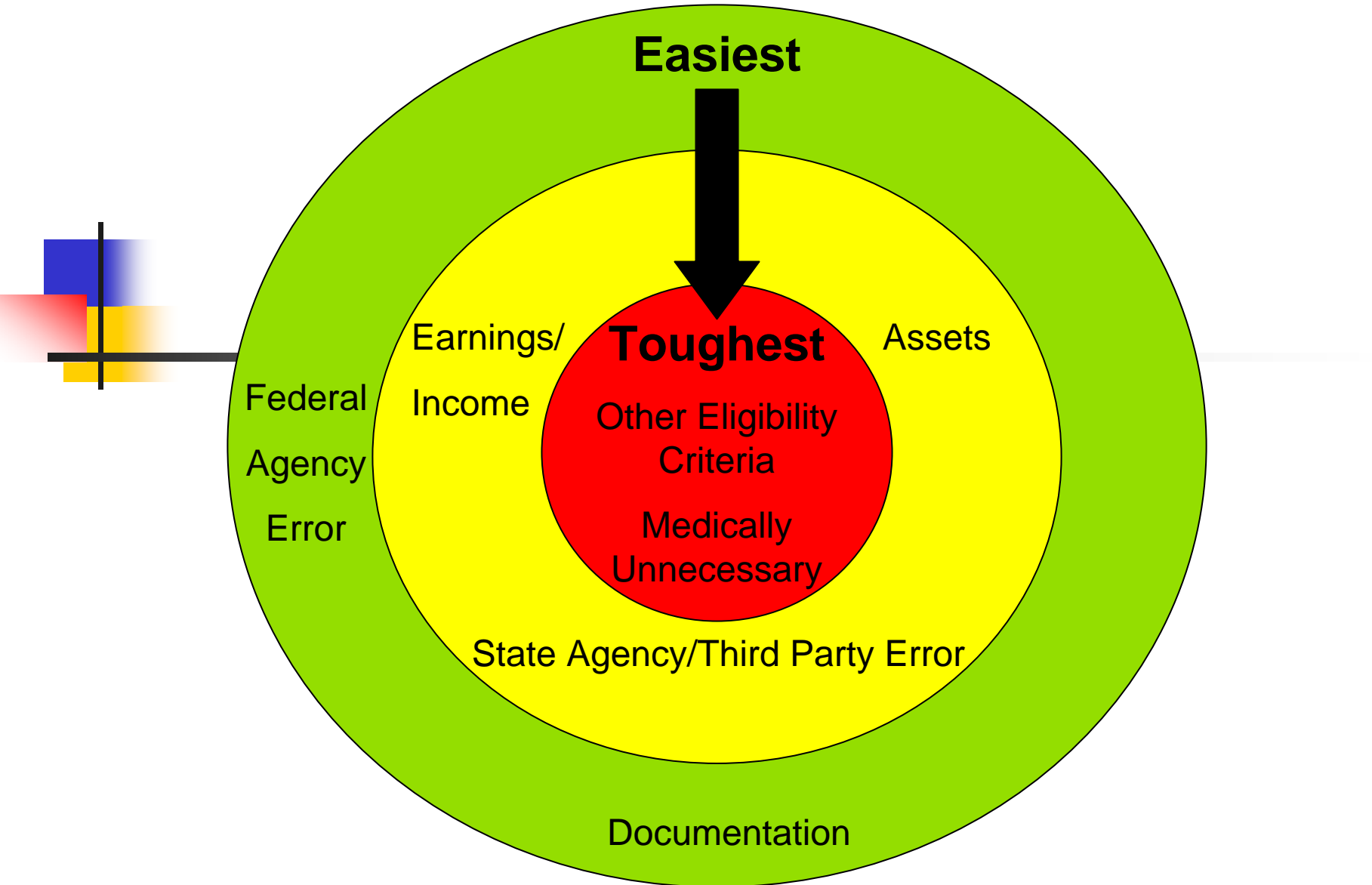
Federal Improper Payments by Fiscal Year (\$ in millions)

	FY 2004		FY 2005		FY 2006	
	Improper Payments	Error Rate	Improper Payments	Error Rate	Improper Payments	Error Rate
<b>FY 2004</b>	\$ 45,043	3.9%	\$ 37,170	3.4%	\$ 36,300	3.2%
<b>FY 2005</b>			\$ 1,314	1.1%	\$ 2,920	2.0%
<b>FY 2006</b>					\$ 1,295	1.1%
<b>Total</b>	\$ 45,043	3.9%	\$ 38,484	3.2%	\$ 40,515	2.9%

# The Big 8



# Hitting the Bull's-eye: Improper Payment Error Cause by Difficulty of Resolution



# Error Causes in Big 8 Programs

Causes of Error	Programs							
	<i>(with error amounts in millions)</i>							
	Medicare \$ 10,800	EITC \$10,700	UI \$3,376	OASDI \$ 3,290	SSI \$ 3,028	Food Stamps \$ 1,645	MAL \$1,611	PH/RA \$ 1,464
<b>Documentation</b> \$4,539	<b>\$2,945</b>						<b>\$1,594</b>	
<b>Federal Agency Error</b> \$560				<b>\$560</b>	<b>X</b>		<b>X</b>	
<b>Earnings/Income</b> \$5,844		<b>X</b>	<b>\$1,350</b>	<b>\$1,906</b>	<b>\$1,029</b>	<b>\$1,295</b>		<b>\$264</b>
<b>Assets</b> \$795					<b>\$775</b>	<b>\$20</b>		
State Agency/Third Party Error \$1,200			<b>X</b>			<b>X</b>		<b>\$1,200</b>
Other Eligibility Criteria \$6,820	<b>\$4,418</b>	<b>X</b>	<b>\$1,587</b>	<b>\$367</b>	<b>\$127</b>	<b>\$321</b>	<b>X</b>	
Medically Unnecessary \$3,436	<b>\$3,436</b>							





# Legislative Changes Included in the President's 2008 Budget

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## Treasury -

- EITC and Child Care credit simplification

## Labor -

- Unemployment Insurance overpayment recoveries

## SSA -

- Program Integrity Caps and OASDI offsets for WEP and GPO

## Education –

- Pell Grant/IRS data match



# Next Steps

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- Extending error type/data access analysis to the 13 programs with the next highest improper payments (The “Middle 13”)
- Exploring different ways of analyze improper payments, i.e., difficulty in “fixing” the problem
- Return on investment
- Egregiousness of error.



*Questions?*

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